

October 24, 2003

Office of the Auditor General  
Debra K. Davenport, CPA  
2910 N. 44<sup>th</sup> Street, Suite 410  
Phoenix, AZ 85018

Dear Ms. Davenport:

Thank you for your assessment and comments for the Performance Audit of the Sedona Oak Creek School District for the 2001-02 school year. We believe the goal of this audit was to determine the effectiveness and the efficiencies of a school district's operations in relation to dollars spent in the classroom. The District would like to acknowledge that we are in agreement of your findings and will incorporate the recommendations.

The audit team sent to Sedona represented your office in a very professional and positive manner and their approach was to offer assistance to our district in the areas of: administrative costs, food service, student transportation, plant operation and maintenance, Proposition 301 monies, and classroom dollars. They completed an exhaustive review and provided the district with an analysis and recommendations of the targeted areas, while respecting the notion of "local control".

With the recently received academic achievement labels from the Arizona Department of Education rating a school district's effectiveness in relationship to student achievement, the *Sedona-Oak Creek School District is pleased to report that all of our schools have been labeled **highly-performing** or **excelling**.*

We hope the auditor general's office will use the Sedona-Oak Creek School District as a reference and to help provide assistance to the school districts undergoing future performance audits.

Sincerely,

Nancy Alexander, Ph.D.  
Superintendent

Sedona-Oak Creek Joint Unified School District No. 9

Response to  
Auditor General's Performance Audit Report  
October 24, 2003

**CHAPTER 1 – ADMINISTRATIVE COSTS**

**Recommendations:**

NONE

**District Response:**

The Auditor General's report confirmed that the District's costs were lower than those for other unified districts of similar size in fiscal year 2002. This difference was primarily due to the District's lower number of administrative position.

**CHAPTER 2 – FOOD SERVICE**

**Recommendations: - District**

1. The District should continue to monitor its meal prices to ensure that they are sufficient to cover the costs associated with preparing and serving meals. To evaluate the sufficiency of meal prices, the District will need to consider revenue sources, such as federal reimbursement programs, and meal costs.
2. The District should thoroughly review and monitor all vendor invoices to ensure that they meet contract terms, and it should continue to establish cost limits to ensure that its food service program operates, at a minimum, at a break-even point.

**District Response Recommendation #1**

The District agrees with the finding and recommendation, and at the time of the audit, had already implemented the recommendation. In FY 02-03, the District implemented a meal price increase and the food service operation is now a "break-even" program guaranteed by the Sodexo contract.

The District will monitor its meal prices to ensure that they are sufficient to cover the costs associated with preparing and serving meals.

## **FOOD SERVICE – cont'd**

### **District Recommendation Response #2**

The District agrees with the findings and recommendation, and at the time of the audit, had already implemented procedures to thoroughly review and monitor all vendor invoices. The District will continue to establish cost limits to ensure the cost limits are at a break-even point.

### **Recommendations: - Vendor**

1. The District should require the vendor to implement adequate internal control procedures, including requiring cashiers to have the students provide their PINs before recording sales and requiring students to present items to the cashier to pay for them.
2. The District should record charge sales only against the account belonging to the student who receives the charged meal and require students to provide PINs to the cashier.
3. The District should require the vendor to separate cash handling and record keeping responsibilities among its employees.

### **District Response to Vendor Recommendations:**

The District confirms that the vendor has addressed the three recommendations and has a documented response from Sodexo.

### **District Response Recommendation #1:**

The District agrees with the findings and has implemented the recommendation.

### **District Response Recommendation #2:**

The District agrees with the findings and has implemented the recommendation.

### **District Response Recommendation #3:**

The District agrees with the findings and has implemented the recommendation.

## **CHAPTER 3 – TRANSPORTATION**

### **Recommendation:**

The District should perform cost-benefit analyses to determine if continuing to contract the entire student transportation function to a private company is a cost-effective method for providing student transportation services. As part of its analyses, the District should also consider the costs and benefits of contracting only a portion of the transportation program, or providing all transportation services itself.

### **District Response to Recommendation:**

The District agrees with the finding and will implement the recommendation.

### **Recommendations:**

1. The District should ensure that it properly classifies all student transportation costs in accordance with the Uniform Chart of Accounts for school districts.
2. To ensure the accuracy of its report route mileage, the District should require the vendor to ensure that bus drivers record odometer readings for each route driven daily. These odometer readings should then be used to calculate the District's total route mileage.

### **District Response Recommendation #1:**

The District agrees with the findings and recommendation and will continue to monitor the proper classification of all student transportation costs.

### **District Response Recommendation #2:**

The District agrees with the findings and recommendation and will require the vendor to provide bus odometer readings for each route mile driven daily.

## **CHAPTER 4 – PLANT OPERATION AND MAINTENANCE**

### **Recommendations:**

1. To reduce its electricity expenditures, the District should develop a district-wide energy conservation plan, which could include:
  - a. Monitoring energy usage at each of its schools and identifying ways to lower energy usage based on each site's particular facilities and equipment:
  - b. Determining the costs incurred when allowing outside groups to use school facilities and ensuring that rental fees are sufficient to recover those costs, or at least minimize their impact on the District finances.

## **PLANT AND OPERATION MAINTENANCE – cont'd**

2. To reduce its water expenditures, the District should monitor its water usage at each of its schools and identify high usage areas as well as steps it can take to reduce usage, such as watering grounds less frequently.

### **District Response:**

The District has scheduled a Preliminary Energy Audit to audit the District's utility usage. The audit team will consist of Certified Energy Managers and Energy Engineers who are qualified professionals to make recommendations on energy usage.

The scope of the Preliminary Audit will include: assessment of the conditions of heating, ventilation and air-conditioning equipment; light levels; lamp counts, and water usage.

### **District Response to Recommendation #1**

The District agrees with the findings and recommendation, and will implement the recommendations of monitoring utility usage upon completion of the Preliminary Energy Audit. The District will receive a comprehensive utility analysis including a potential savings estimate, building survey reports, a potential list of energy conservation measures and descriptions of each of these energy conservation measures.

The Detail Audit will also include a cost analysis to determine the appropriate prices per square foot to charge outside groups for use of school facilities.

### **District Response to Recommendation #2**

The District agrees with the findings and recommendations. Based on the findings of the Preliminary Audit including water expenditures, if there are significant energy reduction measures that can be taken which would result in a direct cost savings benefit to the District, the District will then authorize a Detailed Energy Audit. The Detailed Energy Audit will include a comprehensive analysis of the potential costs savings of water and other utilities based on their findings in the Preliminary Audit.

## **CHAPTER 5 – PROPOSITION 301 MONIES**

### **Recommendation:**

The District should maintain proper documentation to demonstrate that employees receiving performance pay monies have met their performance goals.

### **District Response:**

The District agrees with the findings and has implemented the recommendation. The District has requested from the schools proper documentation to demonstrate that employees receiving performance pay monies have met their performance goals.

## **CHAPTER 6 – CLASSROOM DOLLARS**

### **Recommendations:**

None

### **District Response:**

The fall of 2003 labels assigned by the AZ Department of Education indicate that all of Sedona's schools are highly-performing or excelling. It has been the local choice to determine what is best needed to meet the individual needs of our students, whether it is with classroom dollars or support services.